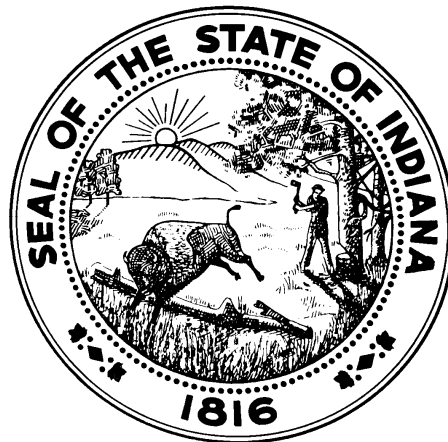


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

EXAMINATION REPORT
OF
TOWN OF BETHANY
MORGAN COUNTY, INDIANA
January 1, 2006 to December 31, 2007



FILED
12/10/2008

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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Howard Cassidy

01-01-06 to 12-31-11

President of the
Town Council

Charles Worley

01-01-06 to 12-31-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF BETHANY, MORGAN COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Bethany (Town), for the period of January 1, 2006 to December 31, 2007. The Town's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Town for the years ended December 31, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

October 8, 2008

TOWN OF BETHANY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND PROPRIETARY FUND TYPES
As Of And For The Years Ended December 31, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 6,858	\$ 12,900	\$ 13,963	\$ 5,795
Motor Vehicle Highway	8,261	4,240	1,261	11,240
Local Road and Street	1,142	1,075	31	2,186
Cumulative Capital Improvement	625	336	-	961
Economic Development Income Tax	-	6,943	-	6,943
Proprietary Funds:				
Wastewater Operating	1,452	10,795	11,294	953
Wastewater Bond and Interest	1,037	5,191	2,600	3,628
Totals	<u>\$ 19,375</u>	<u>\$ 41,480</u>	<u>\$ 29,149</u>	<u>\$ 31,706</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 5,795	\$ 12,531	\$ 10,807	\$ 7,519
Motor Vehicle Highway	11,240	4,430	1,118	14,552
Local Road and Street	2,186	1,132	559	2,759
Cumulative Capital Improvement	961	330	-	1,291
Economic Development Income Tax	6,943	4,219	8,150	3,012
Proprietary Funds:				
Wastewater Operating	953	13,415	9,642	4,726
Wastewater Bond and Interest	3,628	14	1,601	2,041
Totals	<u>\$ 31,706</u>	<u>\$ 36,071</u>	<u>\$ 31,877</u>	<u>\$ 35,900</u>

The accompanying notes are an integral part of the financial information.

TOWN OF BETHANY
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety and general administrative services.

Note 2. Fund Accounting

The Town uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

TOWN OF BETHANY
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2007

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost.
Contributed or donated assets are reported at estimated fair value at the time received.

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Wastewater Utility:	
Capital assets, not being depreciated:	
Improvements other than building	<u>\$ 110,927</u>

TOWN OF BETHANY
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
December 31, 2007

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Wastewater Utility Revenue bonds:		
Wastewater Improvements	\$ 12,086	\$ 1,601

TOWN OF BETHANY
EXAMINATION RESULTS AND COMMENTS

CONDITION OF RECORDS

The following deficiencies, relating to the recordkeeping that were cited in prior examination Report B27665, were again present during the period examined:

- (1) Financial transactions were not always accurately recorded in the accounting records.
- (2) Some of the records, such as minutes of the town council meetings and contracts with outside vendors, were not presented for examination.

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

ORDINANCES AND RESOLUTIONS

The Town of Bethany was not in compliance with the Town's wastewater rate ordinance.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF BETHANY
EXIT CONFERENCE

The contents of this report were discussed on October 8, 2008, with Howard Cassidy, Clerk-Treasurer. The official concurred with our findings.